



8.2 Monitoring Progress of Mitigation Activities

Requirement: §201.4(c)(5)(ii) and (iii): The Standard State plan maintenance process must include: A system for monitoring implementation of mitigation measures and project closeouts, [and] A system for reviewing progress on achieving goals as well as activities and projects in the Mitigation Strategy.

Monitoring Progress of Funded Mitigation Projects

For the purpose of this Plan update, this section has been revised in its entirety to reflect the processes used by ADEM, according to Section V: Project Management of the *State of Arizona Administrative Plan for the Hazard Mitigation Grant Program*, revised August 2006:

Accountability of Funds

ADEM, serving as grantee, has primary responsibility for project management and accountability of funds as indicated in 44 CFR 13. ADEM is responsible for ensuring that subgrantees meet all program and administrative requirements.

The HPM, under the direction of the SHMO and GAR, will be responsible for monitoring mitigation projects in accordance with 44 CFR 13.

Section 404 funds (source funding for HMGP) will be obligated by FEMA for all approved projects and supplements. Disbursing of these funds will be in accordance with State of Arizona accounting procedures.

Advance or Partial Reimbursements

Normally, payments are made to the subgrantee after closeout and audit. Advances or partial reimbursement (including administrative funds) may be made under the following conditions:

- All requests for an advance must be made by written request to the Governor's Authorized Representative and must include compelling reasons why an advance is necessary (e.g., large projects, few financial resources).
- The GAR approves all advances of funds to the subgrantee.
- The request must also include either a Purchase Requisition or an unpaid invoice. Both must show costs that are eligible project costs.
- Within two weeks of receiving the advance the subgrantee must submit documentation to ADEM showing that no more than three days has elapsed between the date the subgrantee received the advance and the date that the funds were expended on eligible project costs. This procedure will be used to minimize the time between issuing the advance and the disbursement by the subgrantee. (44 CFR 13.21(c))
- In the case of partial reimbursement, the subgrantee's request must be supported by backup documentation supporting the amount of the request. The GAR may also request a partial audit of the project before approving a partial reimbursement.

Reimbursements

The HPM reviews documentation submitted by the subgrantee including inspection reports and audits (if available) to determine eligible costs under Federal guidelines.

- All requests for reimbursement will be made using the HMGP Request for Reimbursement form with attached documentation that supports both the Federal and local share. The documentation, which should include receipts, paid invoices, canceled checks, time sheets, etc., will be reviewed for eligibility before payments are made.

Payments will be limited to the actual reimbursement of allowable costs. If a mitigation project is not completed, no Federal funding will be provided for that measure. If the applicant has received a partial reimbursement and the project is not finished, the subgrantee must reimburse this amount to the grantee who, in turn, will reimburse this amount to the HMGP funds.

Cost Overruns

A cost overrun is an unanticipated increase in the cost of performing the specified objectives of the project/grant. Cost overruns may be approved by ADEM if they can be met by offsetting cost underruns on other projects, so long as the full scope of work on all affected projects can still be met. Approval for reimbursing cost overruns will be requested in writing to FEMA.

- Cost overruns will be reimbursed to the subgrantee only after the Division of Emergency and Military Affairs (DEMA) auditors make a determination that the overrun is an eligible expense and that there are unobligated funds remaining in that disaster. All cost overruns will be reported on the Quarterly Progress Report submitted to FEMA.



- For cost overruns which exceed Federal obligated funds and which require additional Federal funds, the Governor's Authorized Representative shall evaluate each cost overrun and shall submit a request with a recommendation to the Regional Director for a determination. The applicant's justification for additional costs and other pertinent material shall accompany the request. The Regional Director shall notify the Governor's Authorized Representative in writing of the determination and process a supplement, if necessary.
- All requests that are not justified shall be denied by the Governor's Authorized Representative. In no case will the total amount obligated to the State exceed the funding limits set forth in 44 CFR 206.432(b).

Cost Underruns

A cost underrun occurs when the subgrantee spends less on the project than the amount of the grant. The subgrantee will be reimbursed only 75% of the amount spent on the project. The administrative amount will be adjusted to a percentage of the reimbursement amount.

Cost underruns may be used to offset overruns for other HMGP activities within the same disaster. However, cost underruns will not be applied to new activities if the application period has expired.

Monitoring Projects

The HPM is responsible for monitoring and evaluating the progress and completion of each project. The amount of monitoring that must be done depends on the complexities of the project and the sophistication of the subgrantees. This can be accomplished by:

- Recognizing danger signals and providing technical assistance early on in the project. Danger signals might be: failure to file quarterly reports on time or quarterly reports that show lack of progress; expenditures that do not match with the percentage of the project that is completed (e.g., 60% of the eligible costs have been requested but quarterly reports show only 10% of the project is complete); or a change in project manager.
- Meeting with the subgrantee and ensuring they are aware of the requirements imposed on them by Federal regulations and by the regulations of the grant program(s).
- If a project is not completed and there is not adequate justification for non-completion of the project, no Federal funding will be provided for that project. If a project is not completed and partial reimbursements have been paid to the subgrantee, the subgrantee may be expected to pay back the partial reimbursements if there is not adequate justification why the project was not completed.

ADEM will use the required Quarterly Progress Report to monitor projects (see Quarterly Progress Reports).

Appeals

An eligible applicant, subgrantee, or grantee may appeal any determination previously made related to an application for, or the provision of, Federal assistance according to the following procedures:

- All appeals must be in writing and go through the State (grantee) to the Regional Director of FEMA. The grantee shall review and evaluate all subgrantee appeals before submitting them to the Regional Director.
- The grantee may also make grantee-related appeals to the Regional Director.
- Each appeal shall contain documented justification supporting the appellant's position, specifying the monetary figure in dispute and the provisions in Federal law, regulation, or policy with which the appellant believes the initial action was inconsistent.

All appeals will follow the procedures as listed in 44 CFR 206.440.

Quarterly Progress Reports

All subgrantees will be required to submit a progress report to ADEM on a quarterly basis. Quarterly reports from subgrantees are due each January 1st, April 1st, July 1st, and October 1st. An electronic notification will be sent two weeks before the quarterly report is due.

The HPM will compile the quarterly reports and submit them to FEMA Region IX for inclusion in their files.

The Strategic Plan and Performance Report is completed quarterly by ADEM and submitted to FEMA. This report includes:

- Total HMGP award
- Total amount obligated
- Number of approved projects
- Number of closed projects and the number in audit
- Number of open projects and the total amount



These reports will allow the early identification of those projects that need special attention and expertise by comparing completion dates with the percentage of the project that has been completed.

Audit Requirements

The Audit Section of the DEMA will conduct audits following State accounting procedures. (See <http://www.gao.state.az.us/> Manuals and Publications). FEMA may also elect to conduct a Federal audit on the HMGP grants. (44 CFR 13.22 and 44 CFR 14)

- The grantee and all subgrantees shall have audits made in accordance with 44 CFR Part 14, Uniform Audit Requirements. The DEMA Audit Department will schedule and conduct HMGP audits based on the following criteria:
 - HMGP Projects < \$10,000 – LIMITED AUDIT – The DEMA Audit Department will conduct an audit limited to a high level review of the documentation as a whole. If warranted, the audit may be upgraded to a “desk review” audit or a “general” audit.
 - HMGP Projects > \$10,000 and < \$25,000 – DESK REVIEW AUDIT – The DEMA Audit Department will conduct an audit limited to a high level review of each project and applicable components (labor, equipment and material expenditures). If warranted, the audit may be upgraded to a “general” audit.
 - HMGP Projects > \$25,000 – GENERAL AUDIT – The DEMA Audit Department will conduct a detailed audit of each HMGP project and applicable components (labor, equipment and material expenditures).

The GAR will review the completed audits. If adverse findings are reported, the GAR ensures that appropriate action is taken and reports that action to FEMA. All completed audits will be submitted by the GAR to FEMA along with the project closeout request.

Technical Assistance

The HPM will meet with each subgrantee as soon as can be arranged following the award of the grant to provide information and guidance on the established accounting procedures, points of contact, quarterly reporting and quarterly report forms, the request and receipt of funds, how and what records are to be maintained, forms to be used and timelines.

Additional technical assistance will be provided as soon as possible following a request by the subgrantee.

Subgrantee Record Keeping Requirements

After an HMGP grant is awarded, the HPM will meet with the subgrantee to discuss and supply documentation regarding documentation and record-keeping requirements.

Federal Regulations (44 CFR 13.20 and 206.205) require each subgrantee to maintain a system that accounts for FEMA funds on a project-by-project basis. The system must disclose the financial results for all FEMA-funded activities accurately, currently and completely. It must identify funds received and disbursed and reference source documentation.

Federal regulations (OMB Circular A-87 and 44 CFR 13.20) require that costs claimed under Federal programs must be adequately supported by source documentation such as cancelled checks, invoices, payroll, time and attendance records, contracts, etc.)

Each applicant must maintain full documentation in order to receive payment. The HPM will require submission of all documentation before any reimbursement is made.

The subgrantee will be required to document all expenditures and implement monitoring procedures for review by the HPM. Quarterly reports will be submitted to ADEM on the status of completion dates, any changes in the scope of work, and project costs to date.

Closeout Procedures

Before final closeout the HPM or designee will inspect all projects for completion and compliance. If documentation, inspections, and other reviews done by the HPM reveal problems in performance of work or the documentation, the HPM will work with the subgrantee's applicant's agent to correct the deficiencies before closeout.

The GAR will submit a final project closure package to terminate the FEMA-State Agreement when all subgrants have been closed. The package will include the following:

- A listing of all projects with the eligible expenditures.
- Certification that all funds have been expended in accordance with the FEMA-State Agreement.

When all payment of these funds has been made, the GAR determines the final eligible administrative allowance and requests reimbursement from FEMA. Upon receipt of this allowance, the GAR notifies the Regional Director in writing that no further claims for the disaster will be made and that all program activity has been closed.



General Compliance Assurance Statement

Because of inherent limitations in any grant management program, errors may occur; however, as referenced throughout this section, it is ADEM's intent to comply with all administrative requirements outline in 44 CFR Parts 13 & 206 in their entirety and to monitor all subgrant supported activities to ensure compliance.

Monitoring Progress of Mitigation Strategy Actions/Projects in this Plan

Progress in achieving our mitigation goal and objectives is measured by the successful completion/implementation of our mitigation actions. Some actions have a broader reach than others and will go farther to achieving our goal and objectives than others. For example, the successful development and implementation of policy for sustainable development such as building codes and appropriate land use regulations or a strategic community education and outreach program to highlight opportunities for mitigation in all sectors, public and private. Effective implementation of a combination of broad based approaches with stand alone activities will accomplish our goal of reducing or eliminating risk to people and property from natural and human caused hazards.

As discussed at the beginning of section 8.1, the Planning Coordinator or SHMO will monitor the Plan three times per year or every four months (beginning in April 2008) to ensure actions are progressing adequately and according to Plan timeframes. The monitoring scheduled dates will be indicated on a calendar shared by the Mitigation Office staff. A database of all actions will be updated as the scheduled monitoring occurs and when additional progress is reported or other communication/correspondence is made regarding the actions. The database will include but is not limited to the following information;

- Action
- Priority level
- Objective relativity
- Lead and participating agencies
- Funding or resource source(s)
- Begin & projected completion dates
- Correspondence/Communication
- Progress indicated by specific activities

At the very least, the updated database will be sent to the SHMO and the Planning Team Members every four months as per the scheduled monitoring. This information will be stored on the Mitigation Office's shared main computer network drive (which is backed up every night) and will be utilized during the annual Plan review.

Additionally, a new action has been added to this Plan that reads "Develop and implement a program to enable jurisdictions statewide to track the progress of the actions/projects from their Plan's Mitigation Strategy." This action stemmed from a similar database in Excel we received from one of our counties. We feel we have the qualified personnel to experiment with creating an actual database that could be used on all levels of the State and we could ultimately perform monitoring activities in. The expectation is to have determined the feasibility of this no later than March 2008.

The explanation of the Project Monitoring process in our original Plan did not offer many details or clear steps on how project monitoring would be performed. Therefore, for this Plan, the process was completely re-structured to outline a reasonable timeline and system and future endeavors to improve and create a more efficient process.

The Mitigation Strategy in our original Plan was significantly revised to support the focus of this Plan. As stated in the Planning Process in section three of this Plan, "we took a different approach with the majority of our focus on bringing the Plan to a new starting point that will be used as a baseline for future updates." Many of the actions included in the original Mitigation Strategy (Appendix B) were removed due to being linked to hazards/areas such as disease and terrorism and response or preparedness. There was also a considerable amount of duplicate actions and several that were unclear in their explanation of what exactly was to be done. Many of the actions could not be verified as the original Plan did not indicate a responsible agency. As a result, many of the original actions were not implemented and only minimal progress could be verified and can be reviewed in section 6.4 of this Plan (page 197).